

98-84489- 3

Richardson, H. Y.

Industrial life

Newcastle-upon-Tyne

1922

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R3942 Richardson, H Y  
Industrial life; a lecture on wealth, and work,  
by H. Y. Richardson ... Foreword by Sir Wm. J.  
Noble, bart. ... Newcastle-upon-Tyne, Reid, 1922.  
20 p. 18<sup>1</sup>/<sub>2</sub> cm.

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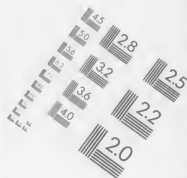
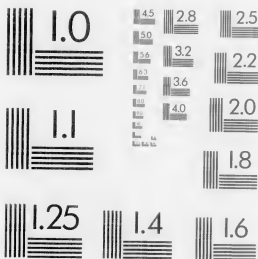
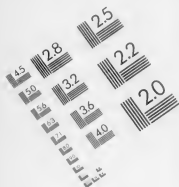
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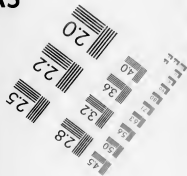
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INDUSTRIAL LIFE.

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A LECTURE ON  
WEALTH,  
AND WORK.

By H. Y. RICHARDSON,

20, DEAN STREET,  
NEWCASTLE-ON-TYNE.

FOREWORD BY SIR WM. J. NOBLE, BART.

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## FOREWORD.

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The number of opinions on a debatable subject like economics coincides roughly with the number of the readers of any particular work. But though I do not find myself in agreement with all of the author's opinions, I commend this work warmly as a valuable aid to a more complete knowledge of this difficult subject.

The importance of the principles on which our economic system is based cannot be exaggerated; these Islands contain a population dependent for its very existence on its foreign and its home trade and a wider acquaintance in every section of our population with the principles which govern our economic life is essential.

If, as I hope will be the case, the author's work is wide-spread, it will do much to dispel some of the fog with regard to industrial matters generally in which so many of us are living.

(Signed) W. J. NOBLE.

## INTRODUCTION.

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This lecture on "Wealth, and Work" is No. 3 of the undernoted series, and is the first to be printed.

If it meets with a good reception, it is proposed to print the whole series in one volume, at a price acceptable to all.

The Author has for many years given much thought to the subject of Industrial Economics, the teaching of which is becoming vital to our very existence.

He wrote the series in the autumn of 1921, as one holding no brief for Capitalists, Employers, or Work-people, but seeking the truth about any man's, or woman's, industrial life.

He felt that a consecutive, simple, and easily understood account of such life was not only called for, but necessary at the present time, if only to remove some at any rate of the gross mistakes in industrial conduct which are to be seen all around, mistakes in almost every instance due to ignorance of the main economic facts which rule our lives despite Governments, Associations of Employers, or Trades Unions.

The contents of the series apply to all, whatever their position, who are directly or indirectly engaged in wealth producing activities of body or mind.

### SERIES.

1. The Struggle for Existence.
2. Moral Qualities.
3. Wealth, and Work.
4. Trade.
5. Capital.
6. Labour.
7. Directing Brains, and Organization.
8. Prices, and Selling.
9. Costs, and Producing.

## WEALTH, AND WORK.

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The title of "Wealth, and Work" which we have chosen for this lecture has been selected because the gaining of wealth is the main object of our industrial endeavours, and work is the means of attaining that object.

Let us consider what wealth is. It is of two kinds—latent wealth, and real wealth. First, as to latent wealth, have you ever considered that this world of ours contains, in the earth, in the sea, and in the air, inexhaustible stores of latent wealth in the shape of minerals, vegetation, birds, beasts, fishes, and chemicals? Even the air contains unlimited quantities of oxygen and nitrogen, the last of these gases being of very great importance, both in peace and war, for fertilisers and for propellants.

The whole of these vast stores of wealth are latent, and require the help of an agency, man, in order to be changed into real wealth. A pond full of fish is of no use until man gets to work with rod or net. Coal which is in the mine is useless for the same reason, and forests may flourish to no one's benefit unless man brings the worked wood to the house builder. There is a story of a miner who pegged out a claim in which gold was known to be. Potentially he was very rich. Actually he was



very poor, because man had not got to work on his latent gold. So the miner had to go hungry, because he had no money with which to pay for his dinner.

But money is not real wealth. It merely represents wealth. To have money shows that you have a bit of paper, or a coin, in exchange for which you can become the possessor of real wealth in the shape of some concrete thing, or in the shape of services which will get you some concrete thing.

Real wealth, then, is produced by man, when he gets to work on the latent wealth, and there can be no real wealth except by his agency and work. As work cannot be done without the expenditure of time, we may define real wealth as work-hours, and, if that fact be got well into the head, it will be seen to follow that work is the all important thing in this life, and that the more useful work is done, the more wealth there will be.

The ideal civilized community, impossible of attainment, would be one in which every man worked diligently at one pursuit, converting latent wealth into real wealth, without demanding the "tally" of wages or money for his work. Man would then be living "for nothing," as we understand "nothing." He would also be proving that money in itself is valueless. It is what money represents, that is, what it will buy in real wealth, that matters. For instance, a house may vary in money value, from year to year, from £800 to £1,000, but its value as real wealth, in work-hours, remains much the same.

As wealth is the amount of real concrete possessions which a community has, or else the power which a community possesses to get that wealth when required (credit, that is, or the knowledge of a community that

another community has the concrete goods to exchange), it follows that a community which is short of concrete things, or of credit, is poor, whatever the prices of things may be for the moment.

For instance, in Russia to-day there is enormous latent wealth of every kind, and a great population, but very few work-hours are being done. In other words, little real wealth is being produced. A man therefore requires, for his services for say 54 hours' work, as much as would buy him £100 worth of real wealth in happier days. This is because the prices of the necessities of life, without which his services would be either of no avail, or absent altogether, are so high, owing to the short supplies of necessities, that he must be paid a fantastic wage so that he may be able to pay fantastic prices in order to live.

The same trouble exists in Austria, namely, poverty, or the absence of real wealth, in a country of boundless latent wealth. In Vienna, the Capital of Austria, on the 8th of October, 1921, the Kroner, which was worth 24 to the Pound Sterling before the war, was standing between 7,000 and 7,500 to the pound. So that, so short was real wealth, that 350 times the pre-war price had to be paid for goods. Of course, if prices are enormously higher than pre-war, in any given country, and salaries and wages are proportionately high, it does not matter very much for a time, internally. But unfortunately a country cannot be self-contained; it has exports and imports, and such a country would be paying fantastic prices for necessary imports. In other words, it is not trusted. Its credit is bad. It is poor.

So we come back to the work-hours of which real wealth consists, or rather by which it exists, and we

arrive at this, that the more work is done, the more real wealth there is, and the less wages are required as a "tally." We are, in short, wealthier.

The less work is done, the less wealth there is, and higher wages are required. During the war, wealth was disappearing at a great pace, and wages were very high, not only because more money was required to purchase the dwindling supplies of real wealth, but also because men required the incentive of extra high pay in order to give extraordinary services in work-hours, at a time of National emergency. Work-hours which were expended, alas, in producing things for the express purpose of destroying wealth. A very sad thing, and brought about by the necessity of putting Germany in her place by the pre-historic method of coming to blows. Incidentally, what a comment on our boasted civilization, which periodically collapses when human passion runs away with reason. However, we must take the world as we find it, and the loss of wealth in destruction during the war will not be without a return if it paves the way to more rational conduct next time an international dispute sets two countries deciding whether they shall, to their mutual undoing, start once more on a wealth destroying war path.

We have seen that wealth is work-hours, and have gained some idea of the importance of working, if we wish to cease to be poor. And work produces work, which is a most important consideration for those who wish to find employment for the greatest number. For, if this be true, as it is, the more work we do the more work there will be for everybody, and we will have demonstrated the fallacy that slow or bad work can pay anyone.

Suppose a works employs 60 men tipping waste on to a waste heap. The managing director stands about for half a day on the waste heap, smoking, and apparently doing nothing. So much so that the men wish they had his soft job. They wish it because, unfortunately, they cannot see his brain working, and because they do not appreciate the wearing nature of responsibility. Well, he was thinking all the time he was on the waste heap, as the men soon find out, for he decided to buy a locomotive for the tipping work, and to pay off 56 of the 60 men. Consternation among the men. But just wait, and see the result. First, the wages of 56 men have been saved. The firm is thus better able to quote for work, which results in more orders being received, and more men have to be taken on in order to execute these extra orders. Also, men and materials are required to build the locomotive; and the displaced men are still available for more useful work.

Here were steps taken with a view to reduce the cost of production, and the result was more employment, as must always be the case.

Take another case. A man starts in a virgin country with a spade, a handful of wheat, and a field. In a few years he is perforce giving work to a very large number of others, by having worked on latent wealth (the earth), for he needs a plough, a harrow, a machine for sowing, a reaper and binder, a thrashing machine, carts, a railway for transportation, a factor to deal through, millers to grind the wheat, bakers to bake the flour, shops to sell the bread, and so on almost to infinity.

He started by putting in work-hours on the latent wealth of the earth in order to produce real wealth on which he could live. And his work went on producing

other work until we can in imagination see him the employer of 1,000 men under his immediate supervision, this thousand men requiring the services of many more thousands to keep them going in all the necessities, comforts, and luxuries of civilization.

From the fact that the more work is done the more wealth there is, we get the equally important fact that anything done to help or expedite work not only increases the pace at which wealth is produced, but also increases the pace at which work is made for more people. And from this it follows that all labour saving devices produce work. This will be a bit of a bombshell to the diminishing band who think that slow methods pay. They do not, but often the fallacy that they do has produced industrial upheaval in this country, and even rioting. You cannot introduce labour saving machinery, or better organization, without reducing the cost of production. This means lower quotations, larger orders, more employment, more real wealth, reduced cost of living, lower wages, greater buying power of the sovereign, and general all round increase of those amenities of life which we all so earnestly desire.

Another thing results from the increase of orders brought about by lower production costs. There are a number of charges on a works, such as management, rent, office costs, insurance, and many others, which remain precisely, or very nearly, the same whether one article or 100 articles are turned out by the works. It is manifest, therefore, that if 100 articles are turned out, and the above-named costs, which are known as "standing charges," work out at £1 per article, these charges will become £100 per article if only one article is made. A saving of very large sums is therefore made whenever

a factory is turning out the maximum output, and the workpeople directly gain, not only because the lower price of the finished article is helping to lower the cost of things generally, but because there is less unemployment, and those employed have become less liable to be paid off.

Get well into your heads that any action that reduces the cost of manufacture makes employment more, and not less, certain, and definitely increases real wealth, and so eventually makes the sovereign represent more.

How are the thousands of workpeople, working at monotonous jobs in factories where they perhaps never see the finished article, to be made to realize that the diligence, speed, and excellence of their work is not only of the greatest national moment, but of very great importance to themselves? All they have is the weekly wage, the "tally" for work-hours done in creating real wealth. These wages represent wealth, and will buy it, in the shape of all that a man needs. If workpeople could be made to see that, in their own interest, it would pay them to work harder and better, and if this enlightenment became general in this country, there would be a great rush of orders, due to the reduced cost of production, and the prices of things would come down with a run, and our friends would very soon find that they were perhaps more wealthy on half their pay.

Some jobs are extremely monotonous. The only way to leave them is to work so well that a better job is offered. He who does first-class work has no need to demand pay. It is given to him, for the very good reason that it is a good business investment. Of course if a man's fellows arbitrarily make his efforts of the same value in money

as those of a far inferior man, that is an artificial and fallacious interference with the production of wealth. That man will naturally have no inducement at all to get on, and the country will lose, and he will lose, real wealth, which, were it not for such a fallacious rule, would have created more work for others.

However you approach these questions of wealth, or work, the result is always to show up glaring fallacies in many of the rules as to work which have been adopted by large masses of workpeople, and it is to their obvious advantage to have these fallacies exploded. Where ignorance is bliss it's folly to be wise. But where ignorance leads to misery it is folly not to try and produce happiness.

It may seem strange to advocate strenuous work when orders are short. It can only be strange to those who cannot, or will not, see that the immediate effect of increased output is lower cost, lower prices, more orders, and more employment.

If all the arguments are for hard and sustained and good work, in order to produce real wealth, they are of extra urgency at a time when we have just finished steadily wasting wealth for four years, and it will be readily seen that short hours, slow work, and high pay are for a wealthy country only, which we have ceased to be for the time being, until we have produced our wealth again.

If it is proposed to produce wealth, in competition with the foreigner, by the fallacious methods above described, the success of the effort will undoubtedly be that of the gentleman who stood in a bucket and then attempted to lift himself off the ground by means of the handle. "Found dead" was the verdict.

Work and output are the only cures for poverty. And it will have been gathered that money is not the all important thing in life. It is what money represents which matters, and it will represent a lot only when that lot has been produced by work-hours.

If you will allow us to poke a little fun, we would go so far as to say that, if the principles which have been pointed out were thoroughly known, and acted on, you would see such activity among the bricklayers on any scaffolding as would make it positively dangerous for anyone to come within reach of the busy trowels. Seriously, though, it is really distressing to note the result of the opposite policy, which produces dearer houses. Higher wages are therefore required for those who occupy them, leading to increased costs in numerous trades, fewer orders, and unemployment. And the worst of it is that the bricklayer suffers too.

Another argument for hard work is that it is very easy to prove that no good comes of saying that it is better not to work hard, but rather to have an easy time. You cannot have an easy time unless you have first amassed enough wealth, and slow work is the very best way yet invented for preventing wealth being amassed. This is because there is a very important thing known as competition, which is world wide, and under this spur those who combine good work with fast work will get all the wealth, and the others will be left. There is no getting away from that.

Labour saving devices, quick work, and good work, also mean progress, and it is sometimes asked whether the speed of all this progress is worth the trouble. Our answer would be that it is no good considering whether progress is good or not, because we are bound to accept

progress as a natural and inevitable result of the pursuit of wealth. In industry you cannot stop the march of progress.

Suppose that a bricklaying machine was invented, and caused consternation among the bricklayers, and they would have nothing to do with the thing. Consider the results which might follow. Probably a cheaper method of building walls, without bricks at all, would be invented, with the consequent loss of all employment for the bricklayers. Or other nations might contract to build houses in England with the discarded machine. Public opinion would ask for cheap houses, and would no more decide in favour of expensive British work than one would pay double price in England for an article equally as good which one could import from abroad. Or foreign nations might adopt the machine, build cheaper houses, and so make a less wage necessary, and be able in consequence to export to us things which they could not formerly send us at a profit.

You cannot stand up against progress in industry. Those who attempt it will be ridden over. There has been trouble in shipyards about the use of welding plants for cutting plates. Those who stand out against their use at a time when the shipyards cannot get orders, because of the high cost of production, are very foolish, because they are speeding the time when they themselves will be without work.

Why do the Ford motor works employ so many men? Because by the use of every known labour saving device they are able to get immense orders for cars, a trade which simply would not exist were it not for the low cost of production. Not low in wages, mind you, but in cost per car.

All this argument for hard work means that we are born to a struggle for existence. To the fit, the struggle is a splendid thing, calling for a man's best work, ingenuity, determination, and application. It makes him work for next to nothing when he sees that by so doing he can eventually gain wealth, and makes him demand huge pay when his services are in great and necessary demand.

But suppose that a community forced all its members to accept an equal rate of pay, whatever the individual capacity for good work might be, compelled them to leave work at a certain hour, whether the work was finished or not, and prevented anyone from offering to work faster or longer than another. This community would not have to exercise any of the fine qualities of a man struggling for existence. There would be no need for craftsmanship, or ingenuity, or application, or determination, and output would naturally suffer, both in quality and quantity, and the wealth per head would be less, and ruin would eventually follow.

Such a community would exist like trout in a fish hatchery, fed daily in a stream of equal speed and clearness, without having to depend for life on speed or muscles, or the hunt for food, and so would become more and more unfitted for the struggle awaiting them in the fast and turbulent stream of life into which they are bound sooner or later to be introduced. If the capacity any section of the community to-day, so much the better, so long as the lesson is appreciated.

The community, or section of it, which keeps its members full of the will to work, and of independence, craftsmanship, and ingenuity, is the one which will win in the long run. The struggle for existence of the

manly independent man is the finest and most exhilarating struggle there is. It brings out the joy of work, the sporting wish to beat the other man simply for the sake of being the best man, and the result of such work is that he who so works is rapidly recognized as the best man, and he need not demand any reward. It comes to him unasked.

Work on latent wealth produces real wealth. Then who are the real producers? Their name is legion. Everyone is a real producer who directly or indirectly is necessary to the production of any form of real wealth. Practically everyone is a real producer, and not only the manual worker, as is so often and so fallaciously taught. One can best get an idea of the multitude of real producers, manual and non-manual, by naming some of the small classes who are not producers. The bookmaker is a parasite on society, producing nothing, and merely wasting wealth. A money lender, when he lends so as to bleed his client, and not to loan capital for useful wealth producing work, is a parasite also. Actors can hardly be said to be necessities, or to produce any real wealth, but they may be educative, and, if such education makes men better producers, no great stretch of the imagination is required to make actors at any rate very useful members of society.

The wealthy man who does not work, but merely spends money on amusement, is a parasite, from the industrial economic point of view. This type soon loses its wealth to better men. When he invests his wealth in giving wealth producing work to others, he is an extremely valuable real producer. Once a wealthy man was accused of being a skinflint. He denied it, saying that he invested his money in useful wealth producing

factories. But, he was asked, did he not make a profit out of such action? Yes, he replied, but as he did not therefore spend a penny more on himself, but put his dividends to work in the same way as his other capital, he contended that he was doing far more good than the man who gave a lot to charity. There can be no doubt that his somewhat uncommon view was economically perfectly sound.

The whole of the vast and complicated activities of the industrial world, whether of capital, or labour, or brains, or organization, and the mental and physical efforts of the non-manual and manual workers, all are equally necessary and interdependent, and it is a fallacy to say that the manual worker is the only real producer. That the manual worker is the real producer, and the only one who matters industrially, sounds a very nice doctrine, and is naturally acceptable to the more shallow men, and it has therefore been very much taught by plausible agitators. Nevertheless it is a fallacy, as we hope has been made clear. What is true, however, is that the manual workers gain great relative industrial importance from the fact that they form some seventy per cent. of the population.

It will be of interest to follow to its logical conclusion the history of a community which thoroughly understands all the principles which we have endeavoured to lay down in the above remarks. We must first say that those principles are the result of the thoughts of one who holds no brief for Capitalists, Employers, or Workpeople, but who is talking as man to man in an endeavour to bring the greatest good to the greatest number. We take, then, a community which is poor, having lost the bulk of its wealth in fighting a great

war. Work begins, and the community, seeing the serious nature of its poor condition, first of all decides to work rather longer hours than before the war. Not much longer hours, however, because it knows that the effort has to be sustained, and that you cannot sustain an effort if you reduce efficiency by undue fatigue.

Next, it decides that the best individual efforts of each man are necessary for obtaining eventually the state of wealth which it is desired to bring about as soon as possible. So rules are made, applying to all in the community, that everyone must work, that short time and absence, for other than medical reasons, will not be allowed, and that a system of inspection of finished work is to be instituted, in order to prevent quality being sacrificed to quantity.

Low rates of pay are agreed to, to stand until such time as the expected flood of orders shall enable them to be raised. Such a community would, without a shadow of doubt, get that flood of orders. The flood arrives, and wages are raised. The immediate effect is to stop the flood. Something wrong here, surely. The experiment of raising wages is found not to be a success, for the reason that the cost of production at once ran up, and stopped orders, by raising prices.

But another thing happens, as soon as the flood of work has again set in. It is found that the sovereign is buying more, so that there has actually been an increase in pay, though not in the form of more money.

All unemployment having ceased, brains get going on labour saving devices, with the hearty approval of the workers, and the result is not only a further flood of orders, through reduced cost of production, but a greatly extended field of selling operations all over the

world. All this time the amount which the sovereign will buy has been steadily increasing. In fact it is found that no increase on the original rate of pay is required at all. The real wealth of the community is increasing by leaps and bounds, until it begins to think that it is rich enough to work less, and to make a start on utilizing the vast untouched treasures it possesses in the brains of the working classes.

Here, it says, we have no less than seventy per cent. of our people engaged upon duties which prevent them, owing to physical fatigue, from educating themselves in leisure hours. And there is no reason, now that we have amassed wealth, and have all these astonishing labour saving devices, why we should not go on amassing wealth at the same rate as we did before we saved so much labour, and that by working only six hours a day. The idea is carried out, and it is soon found that "Lord Chancellors are cheap as sprats," another way of saying that the vast reservoirs of mental ability in the working classes, hitherto untapped, are coming into commercial use.

This trained ability produces more labour saving devices, better organization, and more wealth and progress, until the mind almost fails to appreciate the logical result, a wealthy, well disciplined, and powerful community. There can be no doubt that such a sequence of events is possible.

Why is this proper pursuit of wealth not carried out? The answers appear to be two. First, craftsmanship, work for work's sake, hard work, long hours, and low pay, were in fact at one time the rule, and the result was the wealth we possessed before the war. They ceased to be the rule when great bodies of men combined

together under leaders who had not the necessary industrial economic knowledge to appreciate the inevitable result of altering those rules, which had produced wealth and well being, and were the result of hundreds of years of practical experience, which is worth a peck of theory.

The second reason why the pursuit of wealth has not of late been properly carried out is that the masses (there is no use in blinking the fact) simply do not see such self evident facts as that good and quick work, and output, produce wealth, and produce more work, and that labour saving devices are to be welcomed by everyone.

In other words, economic education is a crying need. This is the conclusion to which every enquiry into the questions of wealth, or work, or wages, always leads, and it should be the endeavour of everyone who gets the opportunity, to drill some at any rate of the truisms which we have expressed into the minds of a leaven of that splendid industrial army of ours, which is still the finest in the world. Its grand qualities only want to be awakened by the teaching of some of the things on which we have touched to make this country very soon regain and surpass its former wealthy position in the world.

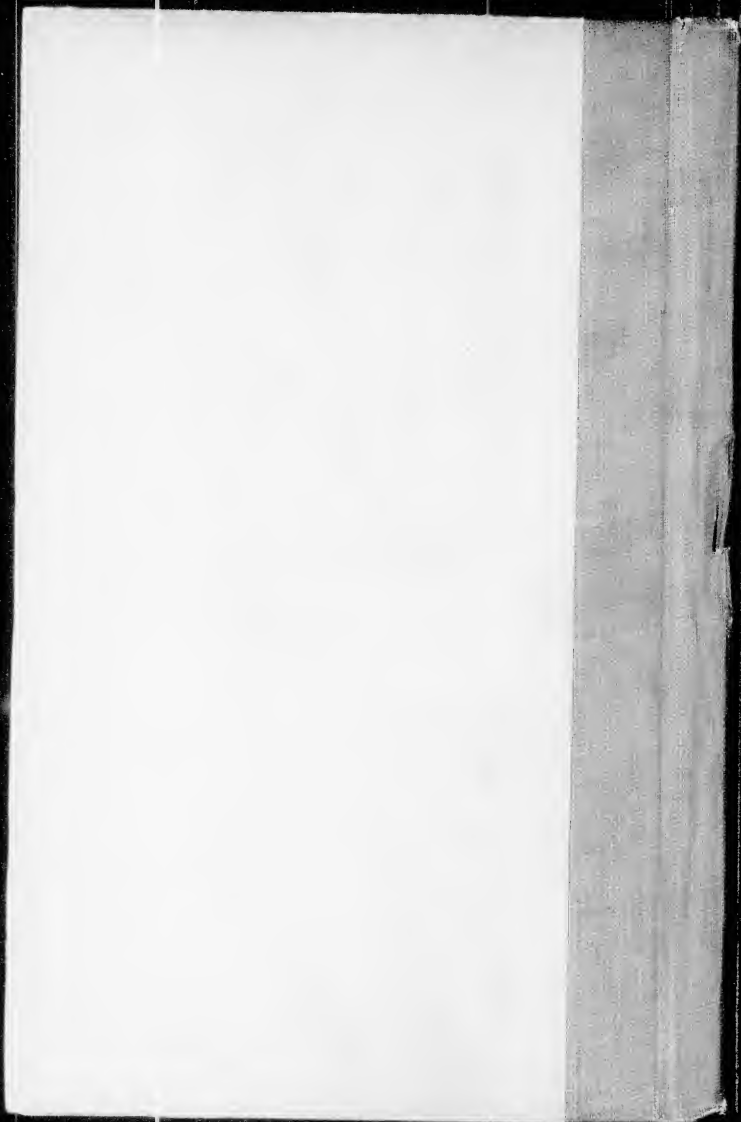


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